



AIG Technical Services, Inc.
Environmental Claims Department
80 Pine Street, Sixth Floor
New York, NY 10005

Certified Mail- Return Receipt Requested

November 21, 1997

Michael David Lichtenstein
Lowenstein, Sandler, Kohl, Fisher & Boylan
65 Livingston Avenue
Roseland, N.J. 07068-1791

RE: Alleged Insureds: The Marmon Group/Marmon Holdings
Golconda Corporation
Group R Co.
Cerro Corporation
Cerro-Marmon
Pritzker Interests

Site: Coeur d'Alene Basin

Location: Coeur d'Alene Basin, Northern Idaho

Company: National Union Fire Insurance Company of Pittsburgh, PA

Alleged Policy Nos: 1224522 (effective 08/31/77-08/31/78)
9602854 (effective 10/01/82-10/01/83)
BE 1339142 (effective 10/01/83-10/01/84)
BE 1339366 (effective 10/01/84-10/01/85)
9605763 (effective 10/01/84-10/01/85)
BE 1319544 (effective 10/01/85-11/01/86)
9608620 (effective 10/01/85-10/01/86)

Company: Granite State Insurance Company

Alleged Policy Nos: 66802359 (effective 12/15/80-02/01/82)
66823215 (effective 02/01/82-10/01/82)
66823775 (effective 10/01/82-10/01/83)
66823774 (effective 10/01/82-10/01/84)
66834169 (effective 10/01/83-10/01/84)
66845266 (effective 10/01/84-10/01/85)

Company: Insurance Company of the State of Pennsylvania

Alleged Policy No: UXL821241 (effective 10/01/82-10/01/83)



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Dear Mr. Lichtenstein:

AIG Technical Services, Inc. ("AIGTS"), on behalf of National Union Fire Insurance Company of Pittsburgh, PA ("National Union"), Granite State Insurance Company ("Granite State"), and Insurance Company of the State of Pennsylvania ("ISOP"), is in receipt of the notice of claim tendered on behalf of The Marmon Group/Marmon Holdings, Golconda Corporation, Group R Co., Cerro Corporation, Cerro-Marmon, and Pritzker Interests. Please be advised that the undersigned has assumed supervision of this matter. Any correspondence or questions regarding this matter should be directed to my attention.

The information we have received to date indicates that the claim of loss arises out of the alleged contamination at the Coeur d'Alene Basin in Northern Idaho ("the site"). Group R Co. ("Group R") has been named as a defendant in the consolidated actions entitled: United States of America v. Asarco Incorporated, et al. and Coeur d'Alene Tribe v. Asarco Incorporated, et al. The complaint alleges that the mining and smelting operations, which began in the late 1800's, have resulted in the releases of toxic metals and other hazardous substances that have injured natural resources throughout the basin. According to the complaint, Group R is the corporate successor in interest to Gloconda Lead Mines, the owner and/or operator of mining operations in the Bunker Hill facility, and, as a result, Group R is responsible for the liabilities of Gloconda Lead.

Plaintiffs have claimed damage to natural resources which include surface water and sediments, groundwater, wildlife resources, migratory birds, aquatic resources, soils and vegetation, aquatic organisms, terrestrial organisms, water, and drinking water supplies. It is alleged that as a result of releases of hazardous substances by the defendants the site is now contaminated. Plaintiffs now seek contribution from Group R for the clean up cost of the Coeur d'Alene mining district as well as for Natural Resource Damages.

It is our understanding that the Marmon Group/Marmon Holdings, Golconda Corporation, Group R Co., Cerro Corporation, Cerro-Marmon, and Pritzker Interests are seeking coverage under the following alleged policies:

<u>Company Name</u>	<u>Alleged Policy Number</u>	<u>Policy Period</u>
National Union	1224522	08/31/77-08/31/78
	9602854	10/01/82-10/01/83
	BE 1339142	10/01/83-10/01/84
	BE 1339366	10/01/84-10/01/85
	9605763	10/01/84-10/01/85
	BE 1319544	10/01/85-11/01/86
	9608620	10/01/85-10/01/86
Granite State	66802359	12/15/80-02/01/82
	66823215	02/01/82-10/01/82
	66823775	10/01/82-10/01/83
	66823774	10/01/82-10/01/84
	66834169	10/01/83-10/01/84
	66845266	10/01/84-10/01/85

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If there are additional policies under which Group R is seeking coverage, please notify the undersigned immediately.

According to your letter, Group R is the successor by merger to the Golconda Corporation (formally known as the Golconda Lead Mines (1927-1962), Golconda Mining Corporation (1962-1970), Group R was formerly known as the RegO Company (1977-1978), and RegO Group, Inc. (1978-1992). From 1974-1976, Cerro owned approximately 85% of the shares in Golconda Corporation and in 1976, Cerro was merged into the Cerro-Marmon Corporation, which continued to hold the 85% interest in Golconda. In 1977, Cerro-Marmon changed its name to the Marmon Group, Inc. and continued to own 85% of Golconda and its successors RegO Company and RegO Group, Inc. until 1985 when Marmon purchased the remaining 15% of stock of the RegO Group, Inc. and became the owner of 100% of the stock.

We have not had an opportunity to locate and review the above policies. Therefore, AIGTS is unable to provide a coverage determination at this time. We request that you provide us with the following information so that we can properly investigate this claim:

1. A complete and thorough description of the damage at the site.
2. Any and all requests for information (and your responses) from any governmental agency regarding these matters including, but not limited to, notices of potentially responsible party status, demands, or orders from any government agency for investigation or remediation at the site.
3. Copies of all correspondence and documents received by or sent to the insured from any governmental agency and/or plaintiffs concerning the site.
4. An update as to the status of cleanup efforts at the site including reports prepared by environmental consultants or environmental engineers performing remediation at the site. Please include copies of any reports and/or documents regarding any investigation conducted by any party at the site.
5. Information you may possess with respect to damages at the site including invoices supporting costs alleged to have been incurred or costs that will be incurred by the insured. Your response should also include the cost of remediation to date and any estimates with respect to future remedial costs, as well as the insured's liability for damages at the site, if known.
6. Detailed information relating to the status of the legal proceeding relating to the subject claim.

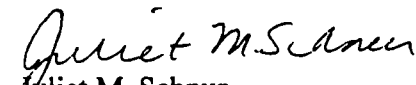
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7. A schedule of insurance coverage (both primary and excess) available in this matters and contact for each carrier.
8. Identify any and all carriers who have been placed on notice of this claim. Please provide policy numbers, policy limits and effective dates of the policies, and the positions, if any, that have been asserted regarding this claim.
9. Any and all information and documentation upon which you are relying on in seeking coverage under these policies for Group R.
10. Information and documentation you may possess regarding Group R's involvement (and the involvement of its corporate predecessors) with the site, dates of involvement, the operations performed at the site, the substances or materials involved in those operations, and the manner of their disposal.
11. Any other information you believe may assist AIGTS in its handling of this matter.

National Union, Granite State, and ISOP, submit this letter reserving all rights and defenses in every respect under the terms, provisions, and conditions of the referenced policies and any policies you may identify, as well as all rights and defenses available in equity and law. No action taken by National Union, Granite State, and ISOP or anyone acting on their behalf should be construed as an admission of coverage or an admission of liability or as a waiver of any right or defense. Additionally, National Union, Granite State, and ISOP, reserve the right to supplement this letter with any defenses based upon any policy provisions as additional factual and/or policy information is obtained.

Should you have any questions regarding this matter, please feel free to contact me at (212) 770-1978.

Very truly yours,


Juliet M. Schnur
Home Office Supervisor
Environmental Claims

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